

Insurance Association of Connecticut

Transportation Committee

February 20th, 2013

**SB 697, An Act Requiring Motor Vehicle Insurance Providers
To Offer Discounts To Customers Who Download Applications That Prevent
Texting While Driving**

The Insurance Association of Connecticut, IAC, is opposed to SB 697, An Act Requiring Insurance Providers To Offer Discounts To Customers Who Download Applications That Prevent Texting While Driving.

SB 697 would require auto insurers to provide a premium discount to any insured who downloads an application that reportedly prevents texting while driving. The discount is predicated on unproven assumptions as to the reduction in auto accidents associated with downloading the application and whether or not this results in any real claims cost saving to an insurer.

The IAC is unaware of any information which establishes an identifiable, reliable link between the download of an application and claims cost reductions. It is our understanding that this is a relatively new application and has no proven track record. Furthermore, simply because an individual downloads an application does not mean it will be used.

A legislatively mandated discount, with no actuarial basis for the insurer will have the unintended effect of negatively impacting other drivers. Any premium loss associated with such a discount, with no corresponding claim reductions for the insurer, would necessarily raise the premiums for individuals who have not downloaded the application.

The IAC respectfully suggests that the marketplace is the proper place for a determination as to whether a policy premium discount for downloading and use of such an application. If the industry determines that the downloading and use (emphasis added) of such an application reduces the likelihood of accidents, insurers are free now to develop and offer such a discount. There is no need for legislation mandating such a discount. Insurers currently voluntarily offer numerous discounts for various safety devices.

Bills similar to SB 697, mandating discounts without any actuarial basis, have been properly rejected by the General Assembly before.

The IAC urges your rejection of SB 697.